



Gascon Mar Ltd.

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MEMORANDUM

TO: Thomas Overturf
FROM: Allan W. Mackenzie
RE: McDonnell Douglas Property, Torrance
DATE: October 2, 1995

As discussed, this is to provide a summary overview of the status, together with suggestions on the proposed action.

Currently, we have completed several different land plans. We are recommending an approach which enables your property to be processed independently of the Lockheed Martin property, but could still incorporate the Lockheed Martin property at a later date. Key constraints on this layout are therefore the following:

- (1) All main internal streets need to be on your property.
- (2) The Douglas Aircraft warehouse requirement, and its need to be phased in prior to demolition of some of the existing buildings, dictates approximately 60 acres of industrial/warehouse land at the south (currently undeveloped) end of the property.
- (3) The optimal sizing and configuration of the retail parcel dictates approximately 40 acres at the northeast corner of the property.
- (4) With so much of the land going for Douglas Aircraft warehousing, and for retail space, and uncertainties with regard to acquisition of the Lockheed Martin and Capital Metals property, we have done away with the golf course or golf academy concept, but have retained the ability to include some park area, surrounded by central service buildings such as a health club or day care, should the Lockheed Martin property subsequently be acquired.

This approach is dictated by our belief that Lockheed Martin is not immediately going to be convinced to participate in a master plan with a different mix of uses on their property, unless the property were to be purchased from them, which right now is likely to be at a price substantially above market. It is also evident that the City of Los Angeles is not motivated to require a master plan or a different mix of uses, unless the current Community Plan were amended to provide for a Specific Plan approach, an approach which has substantial downside. It is felt that the best way to get Lockheed Martin to cooperate in a value enhancing master plan is to inject a competitive element, by proceeding with the subject plan which shows a retail site preferably located and configured to theirs and even possibly commencing preliminary conversations with key retail developers and users.

It also appears likely that Toyota will not be willing to step up to buy the Lockheed Martin property at this time, although this could change in the future. Even though there may be other entities who might be willing to do that in return for some participation in the overall project, it may be preferable to limit such participation to adjacent property owners who obviously have a greater degree of common interest with McDonnell Douglas.

With the land plan completed, we can complete the identified tasks in our current work effort. These include preliminary development cost estimates, a preliminary land development cash flow and internal rate of return calculation based on the figures provided by you, and fiscal/employment projections necessary to enhance our application to the City of Los Angeles. We will also obtain some preliminary traffic mitigation considerations and some ideas on infrastructure financing. Obviously, budgetary cost estimates would immediately be obtained from the currently identified consulting team to complete the entitlement phase of development.

We realize that this information is crucial to McDonnell Douglas to decide whether to proceed ahead with a full application. Assuming you do, we have provided you with a baseline development schedule (EIR Alternative) as well as an accelerated Negative Declaration schedule.

We believe that the following tasks should be undertaken quickly if you wish to file an application and proceed ahead with development:

- (1) Subject to a clear understanding from the user group of their program, a warehouse architect should quickly test the layout, to ensure that the buildings most suited for their needs fit satisfactorily on the plan. I intend to approach the architects who undertook the Watson buildings that DAC formerly occupied, and would anticipate little or no cost for this work.

- (2) A clear understanding of the traffic credit should be obtained, which will include maximum per shift employment, and times of those shifts, for the facility when it was used for manufacturing as opposed to its current use.
- (3) Discussions should be entered into with any key user, such as IWERKS, which has the potential of substantially enhancing the project both from an end use and from a City desirability standpoint.
- (4) Analysis should be made of the rationale for obtaining a mitigated Negative Declaration, as opposed to being required to do a full EIR, because of the timing and cost benefits conferred by this approach.
- (5) The McDonnell Douglas alternate as opposed to the Lockheed Martin alternate should be talked up with appropriate City officials, not only in Los Angeles, but also the surrounding cities. In this regard, Rudy Svoronich's office is working to coordinate a meeting with his staff and a couple of the Deputy Mayors in approximately two weeks, at which it would be very appropriate to have substantial McDonnell Douglas representation, to provide the assurances that you are indeed ready, eager and willing to push ahead with your project, as well as to underline the benefits it confers.
- (6) All other normal tasks preparatory to making an application of this type, including firming up the level of details of the drawings preparatory to submittal, should also be followed.
- (7) A scoping meeting should be held between the development team and McDonnell Douglas's environmental team to clearly understand the tasks underway on the environmental side, and how the schedule and type of development anticipated can impact both the timing and costs of remediation. It is obviously important that the remediation be completed in as timely fashion as possible, but no additional remediation should be undertaken than is necessary for the end uses. For example, it is not understood whether the remediation will be Risk Assessment based and what benefits would be conferred by that approach. This would be preparatory to a meeting with the Regional Water Quality Control Board to discuss the project.

Please let me know if you have any comments on this.